

Message Text

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P 052125Z AUG 74
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TO AMEMBASSY TOKYO PRIORITY

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E.O. 11652: N/A
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SUBJ: ABCC

REF: TOKYO 9533

RE PARA 1 OF REF - AEC, STATE AND NAS AGREE WITH EMBASSY
COMMENT THAT THERE IS A NEED TO REFLECT MORE CLEARLY IN THE
LANGUAGE OF THE VARIOUS TEXTS UNDER NEGOTIATION, THE PRINCIPLE
OF EQUALITY IN THE MANAGEMENT AND OPERATION OF THE NEW INSTITUTE.
SUGGEST GOJ PROPOSE CLARIFYING LANGUAGE.

RE PARA 2 - CONSULTATION - WE ARE PLEASED THAT MATSUURA
AGREED TO CONSIDER FURTHER OUR PROPOSAL THAT LANGUAGE REGARDING
CONSULTATION BE MORE EXPLICIT IN THAT IT WOULD TAKE PLACE AT
THE REQUEST OF EITHER PARTY AND LOOK FORWARD TO HEARING THE
RESULTS OF HIS CONSIDERATION.

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RE PARA 3 AND 4 - INITIAL CONTRIBUTIONS - WE AGREE WITH LINE

TAKEN BY EMBASSY IN REFTEL PARA 3 THAT GOJ COUNTER-PROPOSAL FOR U.S. CONTRIBUTIONS OF BUILDINGS WITHOUT COMPARABLE GOJ OFFSET MAY COMPLICATE OUR ABILITY TO DEFEND ARRANGEMENT. WHILE THE VALUE OF THE PRESENT BUILDINGS IS LESS THAN THE ANNUAL PROGRAM OPERATING COSTS, AND THIS VALUE IS FURTHER AFFECTED BY EXISTENCE OF LEASE COMMITMENTS TO RESTORE LAND TO PRIOR CONDITION WHEN LEASE TERMINATES, THE ISSUE HAS IMPORTANT PSYCHOLOGICAL DIMENSIONS. AEC, HOWEVER, IS WILLING TO CONSIDER EMBASSY'S SUGGESTION THAT GOJ AGREE TO DEFRAY RENTS FOR A SPECIFIC PERIOD PLUS ASSUME OBLIGATION FOR RESTORATION OF LAND AS SUFFICIENT BALANCE TO SUGGESTED U.S. CONTRIBUTION.

THEREFORE, WE BELIEVE IT IMPORTANT THAT NO ACTION BE TAKEN TO ENCOURAGE OR DISCOURAGE FONOFF INITIATIVE TO GET FINANCE MINISTRY CONSENT TO DEFRAY LAND RENTALS. AEC HAS EXPRESSED THE VIEW THAT RETAINING TITLE TO THE BUILDINGS MAY BE NECESSARY TO RETAIN ADDITIONAL MEASURE OF CONTROL OVER POSSIBLE DISSOLUTION OF THE INSTITUTE. ACCORDINGLY, WE CONTINUE TO GIVE CAREFUL CONSIDERATION TO ALTERNATIVE OF HAVING INSTITUTE WITH NO PERMANENT ASSETS, AND IN THIS CASE WE WOULD NOT BE CONCERNED WITH ANY GOJ OFFSET. SHOULD THIS LINE OF THOUGHT BECOME USG POSITION, WE DO NOT WANT TO LEAVE IMPRESSION THAT OFFSET RELATED PROPOSALS REPRESENT A CHANGE IN NEGOTIATING POSITION. OUR CONSIDERATIONS WERE INFLUENCED BY:

A. FONOFF COMMENTS ON LEGAL REQUIREMENTS THAT NEW FOUNDATION HAVE PERMANENT ASSETS, AND

B. ASSESSMENT OF WHETHER SUFFICIENT U.S. CONTROLS EXIST THROUGH:

1. USG-GOJ CONSULTATION COMMITMENT
2. EQUAL MANAGEMENT RIGHTS IN NEW INSTITUTE
3. ASSURANCES DERIVED FROM SPECIFIC BUDGETARY CONTRACTS
4. PROVISION OF USG AUDIT RIGHTS.

RE PARA 5 - GAO AUDIT - WE WILL CONSIDER FURTHER THE POSSIBILITY THAT ONE OF THE INSTITUTIONS SUPERVISORS BE A DESIGNEE OF THE U.S. AND BE AN EXTERNAL AS WELL AS INTERNAL AUDITOR. THIS COULD TURN OUT TO BE A MOST DIFFICULT ISSUE TO RESOLVE TO THE LIMITED OFFICIAL USE

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SATISFACTION OF BOTH GOVERNMENTS. FURTHER CONSULTATION WITH GAO WILL BE NECESSARY. PRECEDENTS AND FURTHER DETAILS ON APPLICATION OF AUDIT REQUIREMENT TO INTERNATIONAL OR INTER-GOVERNMENTAL ARRANGEMENTS ARE BEING SENT UNDER SEPARATE COVER. CONTINUING NAS ROLE IN THE NEW INSTITUTE IS CONTEMPLATED BUT IT IS NOT CLEAR WHETHER THE AUDIT REQUIREMENT COULD BE SATISFIED BY GAO ACCESS TO NAS RECORDS.

RE PARA 8 - SCIENTIFIC REVIEW - AEC, STATE AND NAS WOULD APPRECIATE CLARIFICATION OF MATSUURA'S STATEMENT RELATING TO EFFORTS TO SELL NEW ARRANGEMENTS TO DIET SINCE IT HAS BEEN STATED ON MANY OCCASIONS THAT THE REASON FOR ESTABLISHING AJURISTIC PERSON (AS OPPOSED TO ESTABLISHING A NEW ORGANIZATION UNDER A TREATY) WAS FOR THE SOLE REASON THAT THE JURISTIC PERSON CONCEPT DID NOT HAVE TO BE SOLD TO OR APPROVED BY THE DIET. IN ANY CASE WE NOTE THAT GOJ HAS NO OBJECTION TO NORMAL SCIENTIFIC LIAISON FUNCTION AND WE PROBABLY WILL SCHEDULE VISITS BY U.S. SCIENTISTS FOR PROGRAM REVIEW PURPOSES.

RE PARA 9 - UNIVERSITY RELATIONS - U.S. REPS TO JUNE MEETING IN TOKYO UNDERSTOOD JAPANESE DELEGATION TO OFFER LETTER ON THE UNIVERSITY RELATIONS BUT IT IS POSSIBLE THAT WE MISUNDERSTOOD. IF THIS IS INDEED THE CASE WE THINK THAT THE EMBASSY'S SUGGESTION REGARDING THE EXCHANGE OF LETTERS AT THE TIME OF SIGNATURE IS A GOOD ONE AND WE WOULD LIKE TO TRY TO ACHIEVE THIS IF EARLIER LETTERS OF COMMITMENT ARE NOT FORTHCOMING.

RE PARA 11 - WE AGREE THAT "COMPETENT MINISTER" IS THE PREFERABLE PHRASE.

RE PARA 13 - WE ARE PREPARED TO MEET AGAIN WITH THE JAPANESE FOR A FINAL NEGOTIATING SESSION BEGINNING THE LAST WEEK OF SEPTEMBER EVEN IF GENERAL AGREEMENT IS REACHED THROUGH EMBASSY CHANNELS ON THE TEXTS OF THE THREE CONTROLLING DOCUMENTS AS MATSUURA SUGGESTED SINCE WE THINK IT IMPORTANT THAT FULL ACCORD ON ISSUES ADDRESSED AND NOT ADDRESSED IN THREE CONTROLLING DOCUMENTS IS ESSENTIAL TO THE OVERALL UNDERSTANDINGS. SOME OF THE "NON-AGREEMENT" ISSUES OF WHICH WE ARE AWARE AND WHICH WERE DISCUSSED IN TOKYO IN JUNE ARE:

(A) ADEQUATE FINANCING FOR THE INSTITUTE'S FIRST YEAR OF LIMITED OFFICIAL USE

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OPERATION. (WE EXPECT THE OPERATING BUDGET OF THE INSTITUTE TO EXCEED 2 BILLION YEN BASED ON CURRENT EXPENSES, ANTICIPATED SALARY HIKES AND NEW REQUIREMENTS OF THE NEW INSTITUTE. WE BELIEVE 1 BILLION YEN WHICH THE JAPANESE SIDE IS REQUESTING FROM DIET WILL BE INADEQUATE TO MEET 50/50 FINANCING LEVEL. THIS POTENTIAL SHORTFALL SHOULD BE BROUGHT TO GOJ ATTENTION AS A PRIORITY MATTER.)

(B) SCIENTIFIC REVIEW

(C) RELATIONS WITH NATIONAL AGENCIES, LOCAL INSTITUTIONS AND JAPANESE SCIENTISTS.

(D) SALARY, HOUSING AND RELATED ISSUES, SUCH AS RETIREMENT LIABILITY

(E) INVENTORY OF PROPERTY

(F) FOUNDING COMMITTEE

(G) INITIAL OFFICERS

WOULD APPRECIATE IT IF EMBASSY WOULD ASCERTAIN WHETHER JAPANESE
HAVE ADDITIONAL "NON-AGREEMENT" ISSUES IN MIND AND ADVISE.
KISSINGER

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